

Message Text

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ACTION EUR-12

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E.O. 11652: N/A
TAGS: EFIN, CA
SUBJ: SASKATCHEWAN HOPES 78-79 BUDGET WILL STIMULATE
ECONOMY AND CREATE JOBS

1. REFLECTING BOTH PREMIER ALLEN BLAKENEY S NATIONWIDE
CALL FOR ECONOMIC STIMULATION BY THE GOVERNMENT, AND THE
FISCALLY CAUTIOUS NATURE OF CANADIANS ON THE PRAIRIES,
SASKATCHEWAN S 1978-79 BUDGET CONTAINS MEASURES FOR JOB
CREATION WHILE SHOWING ONLY DOLS 44 MILLION WORTH OF
RED INK.

2. IN REVEALING DOLS 1.7 BILLION BUDGET MARCH 7, FINANCE
MINISTER WALTER SMISHEK PROMISED LOWER TAXES (EXCEPT FOR
SMOKERS AND DRINKERS), A PROGRAM TO CREATE JOBS, AND
MOVES TO STIMULATE THE ECONOMY. THE BUDGET CONTAINED
SOMETHING FOR EVERYONE AND GAVE RISE TO SPECULATION
THAT PREMIER BLAKENEY MAY CALL PROVINCIAL ELECTION THIS
YEAR. SOME HIGHLIGHTS:

--9.5 PER CENT REDUCTION IN PERSONAL INCOME TAX RATE,
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PLUS TAX CREDITS OF DOLS 40 FOR EACH TAXPAYER, AND DOLS
30 FOR EACH DEPENDENT CHILD.

--HIGHER TAXES ON ALCOHOL AND TOBACCO.

--DOLS 75 MILLION INCREASE TO DOLS 465 MILLION, IN CAPITAL
PROJECT EXPENDITURES BY CROWN CORPORATIONS.

--DOLS 50 MILLION INCREASE IN CAPITAL EXPENDITURES BY
VARIOUS GOVERNMENT DEPARTMENTS.

--ABOVE MEASURES ARE EXPECTED TO CREATE 4,500 NEW JOBS.

--IN ADDITION, YOUTH EMPLOYMENT SERVICES WILL BE IN-
CREASED AS WILL EMPLOYMENT SUPPORT PROGRAM TO ADD FURTHER
EMPLOYMENT FOR 1,400 PEOPLE.

--INCREASED GRANTS WILL BE MADE AVAILABLE TO LOCAL MUNI-
ICIPALITIES TO ENABLE RURAL AREAS TO MAINTAIN OR EXPAND
EMPLOYMENT.

3. WHILE BUDGET CALLS FOR DOLS 44 MILLION DEFICIT (AS
COMPARED WITH DOLS 40 MILLION LAST YEAR, AND DOLS 28
MILLIONS YEAR BEFORE THAT), THIS WILL ACTUALLY BE COVERED
BY SURPLUS FUNDS REMAINING FROM BETTER TIMES A FEW YEARS
EARLIER.

4. OTHER FEATURES OF THE BUDGET:

--PROMISED NO INCREASE IN ELECTRICITY RATES (AFTER
SASKATCHEWAN POWER CORP HAD RAISED RATES 40 PER CENT
LAST YEAR).

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--TELEPHONE AND NATURAL GAS RATE INCREASES WILL BE
HELD TO NOT MORE THAN 8 PER CENT.

--RESOURCE REVENUES (NOW CALLED SASKATCHEWAN S HERITAGE
FUND) WILL CONSTITUTE 18.5 PER CENT OF PROVINCIAL INCOME
WITH OIL PROVIDING DOLS 349 MILLION AND POTASH DOLS 108
MILLION.

--CALLING FOR ENCOURAGEMENT TO EXPANSION IN PRIVATE
SECTOR, INCREASED GRANTS WILL BE OFFERED TO SMALL
BUSINESSES AND CORPORATE INCOME TAX WILL BE REDUCED
FROM 12 TO 11 PER CENT.

5 WITH SO MANY 'GOODIES' FOR EVERYONE IN THE BUDGET,
OPPOSITION CRITICS WERE HARD PRESSED TO FIND FAULT WITH
IT. CONSERVATIVE LEADER DICK COLLVER FOUND IT TO BE A
CONTINUING COMMITMENT FOR MORE GOVERNMENT BUREAUCRACY
AND ADMINISTRATIVE COSTS, AND SAID THE JOB CREATION
ASPECT WAS MEANINGLESS BECAUSE NO JOBS WILL BE DEVELOPED IN
THE PRIVATE SECTOR. LIBERAL LEADER TED MALONE SAID IT
WAS TOO LITTLE, TOO LATE.

6. WHILE A REGINA LEADER-POST EDITORIAL CALLED THE BUDGET A 'SOUND ONE THAT SKILFULLY DEPLOYS ESTIMATED REVENUE AVAILABLE TO FINANCE AN ARRAY OF GOVERNMENT SPENDING INITIATIVES', AN ECONOMIC ANALYST FOR THAT SAME PAPER NOTED THAT THE SASKATCHEWAN ECONOMY MAY BE BECOMING A CREATURE OF THE PUBLIC SECTOR, AT A TIME WHEN NEIGHBORING PROVINCES, AND EVEN THE FEDERAL GOVERNMENT, ARE LOOKING FOR SALVATION FROM THE PRIVATE SECTOR.

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